Distr.
GENERAL

IDB.8/SR.2
3 July 1991

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Eighth session

SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Monday, 1 July 1991, at 3 p.m.

President: Mr. TOFIGH (Islamic Republic of Iran)

CONTENTS

Agenda item		Paragraphs
-	Organization of work	1 - 5
4	Annual report of the Director-General for 1990 on the activities of the Organization (continued)	6 - 35
5	UNIDO policies:	36 - 135
(a)	UNIDO technical cooperation activities in 1990	
(b)	Economic and technical cooperation among developing countries	
(c)	Regional cooperation programme for the industrial recovery of Latin America and the Caribbean	
(d)	Special programme for the industrial development of Asia and the Pacific	
(e)	Development of human resources	
(f)	Transfer of technology	
(g)	Energy programme	

The meeting was called to order at 3.10 p.m.

ORGANIZATION OF WORK

1. The PRESIDENT said that the Bureau had decided to recommend to the Board that informal in-session consultations aimed at facilitating the drafting of decisions should be held. The Bureau also recommended that, in her capacity as Vice-President of the Board, Mrs. Tallawy (Egypt) should preside over such consultation meetings. So as not to prejudge the results of debates in plenary meeting, it further recommended that draft decisions should be discussed at the informal consultations only after the debates on the subject had been concluded.

2. If he heard no objections, he would take it that the Board wished to adopt the procedure he had outlined.

3. It was so decided.

4. Mr. KOSTENKO (Ukrainian Soviet Socialist Republic) proposed that, in view of the Board's heavy workload, speakers should be restricted to a maximum of ten minutes.

5. It was so decided.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1990 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.8/10 and Corr.1)

6. Mr. MANSINGH (India) said it was heartening to see that technical cooperation had increased by 19 per cent in 1990 and that the upward trend was

This record is subject to correction.

Corrections should be submitted in one of the working languages, set forth in a memorandum and/or incorporated in a copy of the record. They should be sent to the Head, Translation Service, room D0748.

In accordance with the rules of procedure of the Board, corrections may be submitted within seven days of the receipt of the record or of the closure of the session, whichever is later. Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

V.91 26533 0777E

Distr.: 5 July 1991

continuing in the current year, despite the severe financial constraints faced by the Organization. He wished to emphasize, however, that UNIDO's existing level of activities would not be adequate to meet the targets of the Lima Declaration and Plan of Action. There was therefore a need to strengthen the Organization.

7. On the question of the electronic data-processing (EDP) programme, he recognized that the rapid computerization of UNIDO activities and the related human resources development plans would be a critical factor in enabling the Organization to achieve greater productivity and reduce the delay in responding to technical assistance requests. While his delegation was concerned at the administrative lapses which had resulted in serious increases in the cost of the programme, Member States should also be aware of the cost of delaying a decision on the question and on the 1992-1993 budget.

8. In view of the changes in the successor arrangements for support costs, UNIDO should seek ways of reducing its dependence on project support costs for implementing UNDP-funded projects. It would have to identify new sources of multilateral and bilateral funding, make greater use of trust funds and ensure greater participation of the private sector.

9. Mr. SOMJEN (Hungary) said that the democratic transformation of his country had changed its international trade relations. The year 1990 had witnessed a record surplus in convertible currency trade, which included trade with CMEA countries. Imports from developing countries had increased, mainly because of energy requirements.

10. Industry in his country was undergoing major restructuring and UNIDO's assistance and expertise were most important. A significant role had been played by the UNIDO-Hungary National Committee, which brought together representatives of the Government, the Chamber of Commerce, scientific institutions and companies. He was therefore in favour of the proposal, contained in document IDB.8/37, to include national committees on the agenda for the General Conference at its fourth session.

11. With regard to technical cooperation, he commended the increase in delivery to almost $160 million in 1990. His country continued to operate an extensive and varied technical cooperation programme in conjunction with UNIDO. The Organization would, however, have to seek new sources of financing in the light of the new policy of UNDP. He was also concerned at the failure to agree on the 1992-1993 budget. A compromise would have to be found.

12. His delegation supported the System of Consultations and considered that the meetings held in 1990 and 1991 had been very useful. He hoped, however, that there would be a greater number of representatives in future from OECD countries.

13. Mr. SALAS BARAHONA (Peru) said that the annual report highlighted the inequitable distribution of technical cooperation among the regions. Latin America and the Caribbean received only some 7 per cent. That situation should be thoroughly reviewed so that the imbalance could be corrected.

14. With respect to the arrears of assessed contributions, he thought that the most significant fact was not so much the large number of Member States that were in arrears but the large sums outstanding that were owed by some of the major contributors.

15. Mr. GAILI (Sudan) said that UNIDO was suffering from three major financial problems. In the first place, there was a shortage of resources due to the arrears in the payment of assessed contributions by Member States. Secondly, the acquisition of the new EDP system had proved more costly than expected. Thirdly, the new arrangements with UNDP, which accounted for some 60 per cent of the operational budget, would result in reduced resources from that quarter.

16. UNIDO would have to mobilize funds from other sources and find new methods of financing; in that connection, he noted that trust fund implementation had increased from $US 16.5 million in 1989 to $US 23.5 million in 1990, despite the fact that contributions to the IDF had fallen.

17. He praised the measures, including meetings and studies, adopted in compliance with decision GC.3/20. The proposed new organizational structure was simpler, and distributed responsibility to the directors of the new divisions. What was lacking was the link between those directors and the Director-General and deputy directors-general.

18. UNIDO's collaboration with the Organization of African Unity (OAU) and the Economic Commission for Africa (ECA) on the Second Industrial Development Decade for Africa was to be commended. However, he felt that the least developed countries should receive the lion's share of the Organization's technical cooperation assistance. The amount of $16.88 million allocated to such countries in 1990 struck him as a very modest sum.

19. Finally, his delegation much appreciated the investment promotion mission that had been sent to his country.

20. Mr. OKUTU (Uganda), having commended the work of UNIDO as reflected in the annual report of the Director-General (IDB.8/10), said he welcomed the establishment of the post of Coordinator for LDCs. However, the Coordinator's office would need much greater resources to fulfil its task. It should address such matters as human resources development, the gathering and exchange of information and the development of an industrial action plan.

21. Mr. IONESCU (Romania) said that his country was in the process of becoming a market economy. Some legislative and other measures had already been adopted; others were envisaged. It shared the aspirations of other developing countries to develop mutually advantageous cooperation in a variety of fields. It had executed projects in many developing countries, while thousands of students from such countries had been received in Romania.

22. He commended UNIDO's well-organized structure for ECDC/TCDC, which had been the context of some of his country's cooperation activities. The Joint UNIDO-Romania Centre for international cooperation had made a significant contribution in

many fields. Recommendations adopted at the last session of the Centre should lead to a strengthening of such cooperation.

23. One aspect of the workshop on foreign investment, held at Bucharest in May 1991, had been to prepare for an industrial investment project promotion forum to be held in 1992. He hoped that, at its current session, the Board would agree on new measures to assist all developing countries, including those Eastern European countries in transition to a market economy, to encourage the establishment of small and medium sized enterprises and to attract foreign investors.

24. Mr. HABERLI (Switzerland) said that, at its eighth session, the Industrial Development Board had on its agenda a number of items that would be of importance for the future thrust of UNIDO activities.

25. His delegation had taken note of the positive figures and results for the year 1990: the high growth in the volume of technical cooperation, again nearly 20 per cent, and the qualitative improvement ensured by the growing importance of project review and appraisal, which appeared to be bearing fruit in the area of technical assistance. His delegation urged the Secretariat to continue its efforts to improve its methods of review and appraisal and welcomed, in particular, the cooperation envisaged in that area with other international and national institutions.

26. The annual report (IDB.8/10) provided a clear picture of UNIDO's activities, programmes and administration. The exhaustive enumeration of technical cooperation projects, most of which were small scale, did not, however, come up to his expectations. It would be much more useful to be given the results of those projects and programmes and the extent to which they had been completed.

27. In the view of his delegation, UNIDO must play a catalytic role in the industrialization process by offering Member States the following services: advice on industrial policy based on research and on country and sector analyses; activities in the area of pre-investment, i.e. an analysis of needs and markets; and promotion of investments. All other activities should be regarded as secondary, a fact that the budget should take into consideration.

28. His Government was most interested in UNIDO's technical cooperation efforts. The programme approach applied to the leather industry and leather goods in Africa seemed to be a step towards a perceptible improvement in the quality of UNIDO-executed projects and better coordination of the expertise provided and the essential industrialization needs of the developing countries.

29. All too often, the UNIDO-executed technical cooperation projects had, in the past, suffered from a superficial analysis of the local socio-economic context. Technical aspects continued to predominate at the level of preparatory work and project proposals. Furthermore, UNIDO's growing presence at the enterprise level raised a number of questions of principle. UNIDO must ensure that its activities benefited directly or indirectly the largest possible number of enterprises and did not discriminate in favour of a single enterprise.

30. Switzerland had increased its technical assistance support to Latin America through the industrial subcontracting project and planned to be active in the framework of the special programme for Latin America. However, its support for projects in Asia and for interregional and global projects would continue as in the past, in particular for those projects that had yielded appreciable results.

31. His Government reiterated its support for UNIDO's activities, a commitment that had been demonstrated by the substantial increase in its voluntary contribution. Switzerland's support for UNIDO would continue to aim at ensuring that UNIDO was able to offer quality services for promoting the industrialization process of the developing countries.

32. Mr. CHEN Shiqiu (China) said that his delegation was pleased to note that, in 1990, the UNIDO Secretariat had continued to make steady progress in its technical cooperation activities, despite internal and external constraints. Technical assistance delivery had grown to $US 159.6 million. The special trust fund programme had developed rapidly, and investment promotion and other operational activities had also seen considerable progress. The Secretariat had paid closer attention to evaluating its activities in terms of quality. A larger number of projects had been reviewed during the past year. While all those developments deserved to be commended, his delegation asked the Secretariat to ensure that the results of the project review were reflected in the annual report, with a specific breakdown by operation so that the Member States could have a clear picture of programme implementation.

33. His delegation appreciated the Secretariat's endeavours in the field of investment promotion activities and was convinced that UNIDO's industrial investment promotion system played a role of unique importance in promoting inflows of resources to developing countries from the developed countries and furthering their industrialization process. It noted with appreciation that some 170 projects totalling $699 million had been successfully concluded by UNIDO's industrial promotion system in 1990. It was to be hoped that the Secretariat would report to the Industrial Development Board on how many of the 170 projects were in operation, what investment agreements had been signed etc.

34. His delegation also appreciated the Secretariat's efforts to evaluate its industrial promotion activities; however, the evaluation would help to build Member States' confidence in UNIDO's investment promotion activities if the evaluation report gave a more precise description of the practical results achieved.

35. In a new international situation, UNIDO was facing new challenges and opportunities. The demand by developing countries for technical assistance from the Secretariat was increasing. To meet the needs and fulfil its mandate, the Secretariat should gear its internal structures accordingly and steadily increase its technical cooperation activities for the developing countries without neglecting the aspect of quality.

UNIDO POLICIES:

(a) UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1990

(b) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

(c) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN

(d) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC

(e) DEVELOPMENT OF HUMAN RESOURCES

(f) TRANSFER OF TECHNOLOGY

(g) ENERGY PROGRAMME

(IDB.8/9, 10, 13, 16, 17, 24-26, 29, 46 and Corr.1 and 47)

36. Mr. SOUMAROKOV (Deputy Director-General, Department of Industrial Operations), introducing the progress report by the Director-General on the development of human resources (IDB.8/17), which updated document IDB.7/21 submitted to the Industrial Development Board at its seventh session on the progress achieved since 1989 in UNIDO activities aimed at improving human resources development and reflected the progress made in the implementation of General Conference resolutions GC.2/Res.4 and GC.3/Res.8 in the period from September 1990 to March 1991, said that, in GC.3/Res.8, the General Conference had requested the Director-General to take appropriate action to advance human resources development and to report on the implementation of those actions to the Conference at its fourth session.

37. In response to that decision and as a follow-up to the first report on the subject, submitted to the IDB at its seventh session, supplementing the information provided in the 1990 annual report, IDB.8/10, chapter II, paragraphs 147 and 158, the current report focused on some of the core activities and related main features of the programme that had been undertaken during the period September 1990 to March 1991.

38. UNIDO was aware that the fast pace of change in the area of technology and the widening gap between the developed and developing countries in that regard would call for more intensified efforts and urgent action for the elaboration and implementation of appropriate programmes and projects in the area of human resources development for the industrial sector in the developing countries. The development and application of new technologies raised issues and confronted the developing countries with greater challenges with regard to scientific research and technological education and training.

39. In that connection, the main UNIDO programmes and activities for the development and transfer of technology were closely related to its programmes on human resources development. The UNIDO Secretariat was placing greater emphasis on linkage between the programmes and projects for development and transfer of technology and those dealing with human resources development.

40. As reflected in the document, the analysis of UNIDO technical cooperation projects implemented during 1990, covering such important sectors as engineering, design and development, production technology, capacity utilization, repair and maintenance, high technology, environmental protection and energy conservation, indicated that the training component, including fellowships, amounted to about 14.5 per cent of resources allocated. Training components had been incorporated in most of the technical cooperation projects for rural and urban artisans and small-scale industries, especially in Africa and the least developed countries.

41. UNIDO was putting to better use the experience gained over the past few years by placing greater emphasis on assisting the developing countries, at their request, in elaborating planning, strategies and methodologies for human resources development with the limited resources available. UNIDO's efforts in that direction were contributing to an analysis of needs and the development and strengthening of centres and institutes through effective methods for training trainers and introducing new training techniques with a view to enhancing the training capacities of those institutions in the developing countries. In that connection, some of the training institutions in the developing countries were used for group training programmes in the critical areas accorded priority by the respective developing countries.

42. New training techniques had been introduced in some projects during the period under review. The use of computers in training systems had been integrated into such training programmes as the one organized for the Latin American and Caribbean region on the manufacture of tools and spare parts.

43. As could be seen from the report, the group training programmes covering various fields continued to be an important component of UNIDO's human resources development programme. Sections 7, 8 and 9 of the report reflected the progress made on the programmes prepared to meet the special needs of the African countries and the integration of women into industrial development, and which also took into consideration technical cooperation among developing countries. UNIDO's human resources development programme had also encompassed such areas as environmental protection and energy.

44. Paragraph 48 of the document reported on the pre-evaluation study on UNIDO's activities in the development of human resources. It was to be hoped that the conclusions reached as a result of the envisaged in-depth evaluation study, which would be implemented in the 1991-1992 biennium, would provide more input for the review and strengthening of UNIDO programmes in human resources development.

45. Lastly, he drew attention to paragraph 49 and the constraints faced by UNIDO's Secretariat, brought about primarily by the lack of adequate resources, despite the high priority that the programme enjoyed.

46. Mr. WIESEBACH (Deputy Director-General, Department for Programme and Project Development) said that the progress report on the preparatory arrangements for the Conference on Ecologically Sustainable Industrial Development (ESID) (IDB.8/47) was not listed under any specific sub-item of agenda item 5. Apart from the General Conference, that was by far the largest and most important meeting that UNIDO was organizing in

1991 and would serve to review UNIDO's role in the environmental aspects of industry and technology, assist Member States, especially the developing countries, in developing their own environmental policies for industry and technology and help UNIDO to prepare its own contribution to the United Nations Conference on Environment and Development (UNCED).

47. The Government of Denmark had provided financial support for the ESID Conference and made a venue available. Further financial support was needed, however, to make it possible for more developing countries to attend the event.

48. Turning to item 5 (b), he recalled that, in accordance with GC.3/Res.9 of the General Conference and IDB.6/Dec.11 of the Industrial Development Board, there were three documents which pertained to UNIDO's response to requests from Member States aimed at strengthening economic and technical cooperation among developing countries (ECDC/TCDC): the annual report (IDB.8/10), the regulatory framework document (IDB.8/13) and the progress report (IDB.8/29).

49. The annual report (IDB.8/10) and its update in the progress report on ECDC/TCDC (IDB.8/29) gave an account of the Organization's work in identifying further opportunities for industrial cooperation among developing countries. The upward trend continued with respect to the aim of raising the developing countries' share of total UNIDO contracts, equipment purchases and recruited experts. Developing country experts accounted for 36 per cent of the total Professional project personnel used by UNIDO.

50. On the other hand, as noted in IDB.8/29, the financial constraints of the current biennium meant that it had not been possible to increase the funds for the ECDC/TCDC components of UNIDO programmes, as requested in GC.3/Res.9.

51. Cooperation with the United Nations Development Programme had increased in connection with UNIDO's development of a computerized information service for ECDC and TCDC. That had been initiated with the acquisition of equipment and software for the INRES-South database (specifically called for by IDB.6/Dec.11) under an agreement with UNDP.

52. In accordance with the General Conference request that the Director-General establish a regulatory framework for the ECDC/TCDC components of UNIDO programmes, such a framework (IDB.8/13) was being presented to the Conference through the current session of the Industrial Development Board. The context for the framework was the medium-term plan. However, other mandates, such as the Buenos Aires Plan of Action and the Caracas Programme of Action, as well as suggestions such as those of the South Commission had also been taken into account.

53. The document underlined the cost-effectiveness of ECDC and TCDC: every dollar contributed by a United Nations agency mobilized more than three dollars of cash and in-kind inputs for TCDC projects in the participating developing countries. Given the evolving concepts of ECDC and TCDC, the opportunity had been taken to put them in a UNIDO context that emphasized the role of the private sector.

54. The core of the document was in chapter II, where the regulatory framework was presented in the form of objectives of a UNIDO-wide programme.

55. The document stated that TCDC and ECDC would remain marginalized within the United Nations development system unless some positive action was taken to integrate them into UNIDO programming procedures by means of an internal review of programmes, procedures and activities.

56. Chapter IV on funding considerations underlined the use of existing budget provisions and/or extrabudgetary funding. In other words, there was no call for additional regular budget funding by the Member States.

57. With reference to item 5 (c), the regional cooperation programme for the industrial recovery of Latin America and the Caribbean, the Board might wish to take note of the Director-General's report (IDB.8/25) requested by General Conference resolution GC.3/Res.17. Chapter II of the document contained relevant information on the execution of each of the measures requested by the Board in IDB.6/Dec.4.

58. He assured the Board that considerable effort had been devoted to the successful launching and implementation of the regional cooperation programme and reported that significant progress had been made, as reflected by the commitments already obtained and the firm pledges received from donors to the Industrial Development Fund. He referred in particular to the programme on industrial subcontracting and the regional programme on industrial automation for the capital goods sector in Latin America.

59. A status report under item 5 (d) on the special programme for the industrial development of Asia and the Pacific was to be found in document IDB.8/26. Owing to limited funding, work had been concentrated on selected industrial subsectors in the least developed countries. They included agro-related metalworking industries, a field in which a regional technical cooperation project proposal and some country-specific concepts were currently being formulated and submitted to potential financing agencies and donors. Document PPD/R.47 containing detailed country briefs of agro-related metalworking industries in those countries, had been distributed earlier in the year. Similar preparatory work was being carried out in food and agro-processing industries in the region.

60. The linkages between the special programme and existing and planned regional projects for the entire region and priority areas referred to in GC.3/Res.18 were indicated in document IDB.8/26. The development of the special programme would remain heavily dependent on the funds available and he appealed to Member States for support through the Industrial Development Fund.

61. Mr. ARAOZ (Deputy Director-General, Department for Industrial Promotion, Consultations and Technology), referring to the transfer of technology, mentioned documents IDB.8/24 and IDB.8/46 and the relevant portions of the 1990 annual report. Progress had been achieved over a wide front, in particular in the implementation of the programme delineated in document IDB.8/26.

62. The International Centre for Genetic Engineering and Biotechnology (ICGEB) had made significant progress in genetic engineering and biotechnology, with a five-year programme of $US 55 million underwritten by Italy and India. Preparations were being made for the entry into force of the Statutes and the Director-General had invited several countries to join the Centre. The

Secretariat was also promoting a voluntary code of conduct on the release of genetically-modified organisms into the environment in close cooperation with UNEP, WHO and FAO.

63. In the area of new materials, preparatory work for regional cooperation in Asia had been undertaken. In solar photovoltaics, the Consultative Group on Solar Energy Research and Application had found wide support and a comprehensive study was to be made of the market for photovoltaics in developing countries. Cooperation between India and African countries in telecommunications equipment manufacture had yielded positive results.

64. Progress had been made in the horizontal fields of transfer of technology also, and programmes on technology policy and techno-economic intelligence had been developed at the departmental level. The concept of technology management was being promoted and a major regional programme was being prepared for Latin America with the Comisión Latinoamericana de Ciencia y Tecnología (COLCYT).

65. The Technological Information Exchange System (TIES) and Industrial and Technological Information Bank (INTIB) continued to make progress at the national, regional and interregional levels and there were developments in Tanzania, Latin America, Indonesia, Turkey, Sri Lanka and the Philippines. Directories of industrial and technological information sources were to be published for nearly twenty countries.

66. Technology-related activities were also contributing to other medium-term plan programme priorities such as energy-saving technologies, an INTIB in-house environment information network and an industry and environment information source guide which was to be distributed at the forthcoming Copenhagen Conference on ESID.

67. A wide range of technical cooperation activities were being carried out by the Department of Industrial Operations, encompassing equipment for local building materials manufacture, a fertilizer industry development centre, carbon fibre technology and projects in the natural rubber field. A major regional programme on industrial automation was being launched in the capital goods sector in Latin America and the Caribbean. The Department's activities also featured TCDC. More examples of technical cooperation activities were given in paragraphs 42 to 60 of document IDB.8/24.

68. Document IDB.8/46 proposed some long-term arrangements for the establishment of an International Centre for Science and High Technology. The Board had received regular reports on the preparatory and pilot activities for the establishment of the Centre and the subject had been explained at a briefing session. The Centre would comprise three institutes, namely, for pure and applied chemistry; earth, environmental and marine sciences; and new materials and other high technology areas.

69. The Centre's links with industry and the affiliation and strengthening of country scientific and technological centres would be particularly important. The time was ripe to establish the Centre on a long-term basis and assurances of continued support had been received from the Government of Italy. Long-term arrangements were needed to build the Centre, which would be financed exclusively from voluntary contributions, into an institution of excellence and he advocated a five-year programme to be extended biannually and with advance commitments from donors.

70. It was envisaged that the Centre would function, with the extensive participation of highly-qualified scientists, within the framework of UNIDO and subject to its rules and regulations, with the incorporation of such elements as would make it function as a centre of excellence on a long-term basis.

71. The Secretariat invited the Board to adopt a decision approving the establishment of the Centre so that work could go ahead.

72. The PRESIDENT thanked the representatives of the Secretariat for their introductory statements to agenda item 5.

73. Mr. CHEN Shiqiu (China) said that the concept of ECDC/TCDC had been universally accepted by the international community and had enjoyed the overwhelming support of the developing countries since its inception. It had proved to be a practical approach for achieving mutual technical advancement among developing countries, because their industrial technologies were at a similar level and could therefore easily be introduced into the counterpart countries.

74. At the third session of the General Conference, a number of requests and recommendations for strengthening ECDC/TCDC had been made and the Industrial Development Board had asked the Secretariat to continue to enhance its efforts to identify opportunities for industrial cooperation among developing countries and to increase the use of the experts, services and equipment of developing countries in its technical cooperation projects.

75. His delegation was aware that progress in that field had been very limited in 1990 owing to lack of resources, although some efforts had been made by the Secretariat. The request to increase funds substantially for the ECDC/TCDC components of UNIDO programmes had certainly not been heeded. The importance of ECDC/TCDC must be reflected in UNIDO's activities, and it was therefore necessary for the Secretariat to mobilize more reasonable resources. For its part, his Government called upon the Member States to make adequate efforts to promote both North-South and South-South cooperation.

76. His delegation appreciated the efforts made by the Secretariat to implement the special programme for the industrial development of Asia and the Pacific, the regional cooperation programme for the industrial recovery of Latin America and the Caribbean and the special programme for industrial development in the Arab countries. It supported the special emphasis placed by the Secretariat on the least developed countries in the region and on ECDC/TCDC in the implementation of the Asian and Pacific programme. The Secretariat had made considerable progress, and a number of regional projects funded by the Industrial Development Fund (IDF) or UNDP had been approved. Implementation of those projects would have a favourable impact on the industrial development of the Asian and Pacific region, and it was to be hoped that even more

effort would be made by the Secretariat in that area.

77. Turning to agenda item 5 (e) and 5 (f), he said that his delegation had always taken the view that the development of human resources was one of the most important elements in the industrialization and social advancement of the developing countries. It had noted that the Secretariat had been focusing more heavily on that issue. Technical services and various types of training activities had been reflected in each regional programme and the Secretariat's other operational activities. Technological promotion and transfer was an important aspect of human resources development. The Secretariat had also achieved a certain measure of progress in training activities combined with specific technology research.

78. The arrangements for the establishment of the International Centre for Science and High Technology were being gradually implemented. It was to be hoped that the developing countries would participate in and benefit from the project. Human resources development should not be understood to mean just seminars, on-the-job training or workshops, important though all of them were. It was equally important that the necessary material assistance should be furnished to enable the recipient to acquire and absorb new technologies.

79. His delegation thanked the Secretariat for the formulation of its energy programme, which would undoubtedly be useful in strengthening UNIDO's technical assistance to developing countries. It was to be hoped that the programme would be reflected in UNIDO's future activities. He suggested that the Secretariat should pay sufficient attention to the development of low-cost energy technologies, tailored to specific situations, in the least developed countries and the backward regions of developing countries. Helping to solve energy problems would also help prevent further degradation of the environment in those regions. The energy programme and the environment programme were thus mutually reinforcing.

80. Mr. ENDO (Japan) said, with reference to technical cooperation activities, that it was essential that UNIDO should sharpen its professional edge as the specialized agency responsible for industrial development, particularly in view of the UNDP Governing Council decision on support cost successor arrangements. His delegation hoped that UNIDO would continue to develop, not only by delivering technical cooperation, but also as a source of technical and special expertise in all aspects of industrialization.

81. UNIDO should further strengthen activities such as: analysis of developing countries' technological needs; project formulation and updating of country studies; more cautious project appraisal; more frequent and careful monitoring of projects to eliminate unnecessary delays; effective feedback of field experience to headquarters; and proper and timely evaluation. Such an approach would broaden UNIDO's expertise and improve its organizational role.

82. His Government, which had continuously supported UNIDO's technical cooperation activities through the IDF and the Trust Fund, would commit $US 3.1 million to the IDF in 1991.

83. He also welcomed UNIDO's recent endeavours to promote industrialization through regional programmes and announced that his Government had decided to assist the automation of the capital goods industry programme by using its Trust Fund contribution of $500,000.

84. Technical cooperation involved the transfer of technology by means of human resources development and he sincerely hoped that UNIDO would strengthen its technique and role in that area.

85. In 1990, his Government had contributed to technology transfer and human resources development through the in-plant group training programme in the field of production management in the manufacturing industries and through the seminar on standardization and quality control. It had also assisted countries in sub-Saharan Africa and had aided some grass-roots projects for the transfer of fundamental technology.

86. His delegation appreciated the importance of the energy programme and, in 1990, it had financed an advanced energy conservation project for the purpose of transferring Japanese know-how.

87. There had recently been a regrettable tendency by the Secretariat to produce documents late, which did not give Members time to digest them. He urged the Secretariat to ensure that documents were distributed in good time.

88. Mr. PROKHOROV (Union of Soviet Socialist Republics) emphasized, with respect to UNIDO's technical cooperation activities, the importance of better coordination of technical assistance, in particular between the Area Programmes Division, the divisions of the Industrial Operations Department and UNIDO country representatives. The new system for technical assistance delivery meant that there had to be a more vigorous use of special-purpose funds, more rapid project development and approval and the creation of effective mechanisms for UNIDO to interact with donor countries, which should be involved in the drawing up of project documents.

89. His delegation endorsed the structural reorganization of the Area Programmes Division subunits and noted the importance of extending technical assistance on the basis of integrated programmes. It was also important for the activity of UNIDO's country representatives to be further enhanced from the point of view of analysing the information received and conveying it to headquarters and developing proposals for projects and activities in the field of technical cooperation. They had an important role to play in coordinating the activities of United Nations specialized agencies in the area of industrial development in the field.

90. Document IDB.8/CRP.1 provided a graphic account of the range and volume of the assistance provided by the Organization to the developing countries, but the Secretariat should consider supplementing the tables displayed by an indication of projects per country, showing the total amounts from each source of financing.

91. In carrying out programmes in the area of economic and technical cooperation among the developing countries, it was necessary to take account of the real possibilities of donor countries in furnishing services and technical assistance which were economically appropriate to

the recipient countries, including technology transfer and managerial experience and training. Regional measures on relevant topics, pinpointing specific problems and ways of resolving them in the context of cooperation between developing countries, could provide an important boost for the development of UNIDO's activity in that direction.

92. His delegation supported the special regional programmes for industrial development, and considered that due attention should be given to interregional activities and to the link between the programme of a particular region and other regional programmes. The development of the European programme was particularly promising, since many of the processes under way in the region, particularly in eastern Europe, had a bearing on the interests of the developing countries.

93. As for UNIDO's activity in the development and transfer of technology, his delegation supported the creation of global and regional networks of international scientific and technological centres. UNIDO should prepare detailed information on a regular basis on the progress of the work of the centres and the results they had achieved, in order to encourage the involvement of new countries in their activity.

94. His delegation took a positive view of UNIDO's activity in the field of technology monitoring, and the drawing up of a code of conduct on the dissemination of genetically-altered organisms, the use of micro-organisms in petroleum extraction, the commercialization of microbiological production and the creation of a biological data information exchange network. His Government was particularly interested in the proposed establishment of an International Centre for Science and High Technology.

95. It supported the Secretariat's work in establishing and developing information networks in cooperation with UNESCO, UNEP, FAO and ILO. A UNIDO seminar was to be held in the USSR in September 1991 on progress and problems in the development of national networks and systems for scientific and technological information.

96. His delegation supported UNIDO's activity in the field of training, and took an active part in that work. A centre for training specialists from developing countries had recently opened in Moscow. It also gave general support to the proposed project for an energy programme and was prepared to play a part in bringing it about.

97. Important areas of activity for UNIDO were the development of cooperative economic methods, small and medium-sized enterprises, industrial rehabilitation and reconstruction, and the provision of assistance to countries on privatization and the stimulation of economic activity.

98. UNIDO had still to give its views on the topical matter of converting military industry to civilian production; his Government had drawn up proposals for a meeting to be held in Moscow in December 1991 on conversion, including trips to relevant enterprises and commercial negotiations. The meeting could be useful for both the industrially developed and the developing countries; it was to be hoped that UNIDO would support the idea of holding the meeting and would be a participant.

99. Finally, he noted that a coordinator had been appointed for the activities of the United Nations specialized agencies in implementation of General Assembly resolution 45/190 on international cooperation to overcome the consequences of the accident at the Chernobyl nuclear power station, and a programme for such assistance was being drawn up. It would be appropriate for UNIDO to take part in that programme and, together with the representatives of the Ukrainian SSR and the Byelorussian SSR, he was submitting a draft decision to the Board; the leadership of Russia had also expressed keen interest in UNIDO's participation. He hoped that participants in the current session of the Board would give the draft decision their support.

100. Mr. PLUG (Netherlands), speaking on behalf of the States members of the European Community, said they agreed that human resources development was an important aspect of development and welcomed the Director-General's reports which seemed, however, to be unnecessarily frequent. Unless there were major changes, a report could be issued only to the Board meeting immediately prior to the General Conference. Alternatively, future reports on the subject could be incorporated into the Director-General's annual report.

101. The delegations he was representing had read document IDB.8/17 with interest and had been disappointed to note the very poor representation of women in industrial investment promotion and in fellowships and study tours. They urged the Director-General and the Member States to improve the situation, not through special programmes, but through the real integration of women into the development process.

102. With reference to the energy programme, he pointed out that document IDB.8/9 was one of the many documents that had been received late. His delegation had taken part in the energy programme briefing and welcomed the Director-General's proposals on a pragmatic approach to take account of the interrelation not only between energy and economic development, but also between energy and the protection of the environment.

103. Energy was one of the most important factors to be considered in setting up new industrial activities and it was necessary to adopt, on a project-by-project basis, technological choices embracing optimum energy use with due regard for both the impact of energy on the economics of the project and its related environmental effects.

104. The Director-General's proposals deserved more detailed consideration. The delegations he was representing approved the general outline of the programme and welcomed the identification of special areas of opportunity to focus UNIDO's efforts. Operational links and cooperation with other United Nations organizations, such as UNDP, UNEP, World Bank and IAEA, should be strengthened.

105. In view of UNIDO's current financial situation, the programme would have to be funded primarily through special-purpose voluntary contributions by the Member States to the IDF. The delegations he was representing reiterated their strong reservations about the establishment of separate sectoral special trust funds.

106. Since his delegation had only just received two important documents relating to agenda item 18, he suggested that consideration of that item be postponed until Thursday, even though the tentative schedule of work had already been adopted.

107. Mrs. TALLAWY (Egypt) said she supported that proposal but thought that item 18 could be discussed on Wednesday afternoon.

108. Mr. BOKONGA (Zaire) said that item 18 should be examined before item 11, because of its possible implications for the latter item.

109. It was decided that agenda item 18 would be discussed on Wednesday afternoon.

110. Mr. TREMEAU (France) said he welcomed the increase of some 20 per cent in the volume of technical cooperation projects in 1990 compared with 1989, but wished to remind the Organization that the effects of its activities were linked primarily to the quality of its projects; he emphasized the need to improve coordination between the various departments of UNIDO, to reduce the time it took to implement projects, which was often excessive, and to ensure adequate follow-up for programmes and projects.

111. Priority should be given to the industrial development of the least developed countries, so that UNIDO assistance might enable them to create conditions that favoured the development of local enterprises and attracted foreign investment. While welcoming the 17 per cent increase in resources directed to the industrial development of Africa, he regretted the fact that the region had received a smaller proportion of UNIDO's overall technical assistance in 1990 than in 1989.

112. Through its voluntary contribution to the Industrial Development Fund, France financed a number of training, technical cooperation and industrial investment promotion projects in Latin America and the Caribbean, and had decided to participate in the important programme to automate the capital goods sector; UNIDO should be encouraged to draw up more programmes of the same kind in priority sectors.

113. In Asia, France was associated with a number of UNIDO projects in the agro-industries field, in the development of pesticides and construction materials; it welcomed the fact that UNIDO's technical assistance to Asia had reached the level of 31 per cent of its overall assistance, but was concerned at the increasing competition between the countries of the region and the consequent dangers of marginalization.

114. As for central and eastern Europe, UNIDO certainly had a role to play there provided that it did not reduce its programmes for the developing countries. It should concentrate on certain priority sectors such as training specialists and promoting industrial investment.

115. The most important areas of activity for UNIDO were the relationship between industry and energy; the relationship between agriculture and industry; the health industry; the housing industry; basic mechanical, electrical and electronic equipment; and, last but not least, the environment and its relationship with industry, in close coordination with UNEP.

116. Mr. LAVIÑA (Philippines) said he welcomed the fact that UNIDO had once again managed to increase its technical cooperation deliveries, in spite of the prohibitive cash-flow constraints that had prevailed throughout 1990. The improved evaluation of projects was an important indication of the priority that was being given to matching qualitative gains and quantitative increases in project performance. With regard to project size, however, increasing the proportion of projects valued at $1 million or more could have a more significant impact upon the industrialization efforts of Member States than a proliferation of smaller-scale projects.

117. It was regrettable that additional funding had not been provided for the ECDC/TCDC programme, but the regulatory framework for ECDC/TCDC seemed comprehensive and acceptable in principle, although, as in the case of the energy programme, more time was needed for closer examination of the details.

118. His delegation endorsed the proposed establishment of an International Centre for Science and High Technology, on the understanding that the suggested institutional framework set out in the annex to document IDB.8/46 would be open to further improvement.

119. Finally, he expressed his delegation's support for the area and sectoral emphasis for the first five years of the special programme for the industrial development of Asia and the Pacific and said that his Government looked forward to receiving information concerning the implementation of the projects developed, based on the country studies of the 13 LDCs involved in the metalworking industry. On the non-LDC component of the programme, his delegation hoped that new initiatives would be formulated along the lines of GC.3/Res.18 as soon as funds were available.

120. Ms. DE LA GARZA SANDOVAL (Mexico) said that her delegation welcomed the allocation to separate agenda items of the Director-General's annual report and the Organization's policies, because it enabled proper consideration to be given to the substantive issues before the Board.

121. Document IDB.8/16 indicated that, in Latin America and the Caribbean, there was a continuing imbalance between the components of the technical cooperation projects. Her delegation could not share the view expressed by the Secretariat that the existing project structure was ideal. The Secretariat should redouble its efforts, when formulating projects, to tailor them to the specific needs of each individual region.

122. Resolution GC.3/Res.7 requested that the transfer of technology be strengthened. Her delegation believed that decision-making would be greatly facilitated if Member States had complete lists of the technologies promoted by UNIDO through technical cooperation projects.

123. Her delegation had studied document IDB.8/46 carefully. The establishment of centres of excellence such as the one proposed had always had her Government's support. Nevertheless, before agreeing to the structure of the proposed Centre, the Board should approve the terms of reference governing its work. It was also necessary to clarify the legal ramifications of setting up an autonomous institute within the framework of an

international organization. In her delegation's view, the Centre should be administered by a committee of advisory directors consisting of representatives of the main donor countries and the developing countries and of scientific experts.

124. With reference to ECDC/TCDC, there should be greater efforts, in conjunction with UNDP, to obtain suitable information on industrial programmes in developing countries. It was also necessary to extend industrial cooperation among the developing countries and the Secretariat should work towards that end.

125. As far as the energy programme (IDB.8/9) was concerned, limited resources made it inappropriate to act for the moment, particularly since it seemed to lie more within the sphere of the specialized and regional agencies working in the energy field. Any energy programme should be funded exclusively from budget resources. It would be better, however, to focus on medium-term objectives so as to enable the Secretariat to strengthen the transfer of technology to developing countries and to establish terms of reference for each country's projects in conjunction with UNIDO.

126. Technical training was closely linked to the development of developing countries and greater efforts should be made to develop human resources, for which purpose UNIDO should mobilize funding. Developing countries required increased access to new technologies, above all to boost production.

127. Mr. RASAPUTRAM (Observer for Sri Lanka), having noted the satisfactory progress that had been made in both UNIDO's technical cooperation programmes and its industrial investment programme, expressed his hope that the Organization would overcome the financial constraints that had been hampering it.

128. However, financial constraints were not the only problem UNIDO had to face; if favourable policies were pursued by certain countries with regard to the trade in industrial goods, the alleviation of poverty and the restructuring of economies, that would give UNIDO all the assistance and strength it required, since the growth of the developing countries would then be revitalized.

129. The dramatic changes taking place in the political, social and economic fields had created a dynamic environment that would lead to the growth of an international development consensus, and the objective was to make the 1990s the decade of global development through industrial progress. In that connection, the manufacturing sector in the developing countries had a central role to play. The modernization of agriculture would release surplus labour and there was a clear need to develop agro-based industries and other industries that significantly increased the value added.

130. The developing countries were frustrated in their attempts to expand their industrial base when they came up against a wall of protectionism. A greater expansion of the trade in manufactures was a prerequisite for the expansion of the industrial base of the developing countries. However, while the developing countries were liberalizing their trade on the basis of structural adjustment policies, the developed countries were becoming more protectionist. The result was a lack of effective support for export expansion, the move towards market economies became stunted, and reform was deferred. Traumatized by the debt crisis, the developing countries were losing their will to persevere with their adjustment policies.

131. There was a deep and widespread concern for the environment, and industries that had developed without due regard for the sustainability of the environment needed to be reshaped to meet modern requirements. UNIDO should expand its collaboration with other specialized agencies to prevent as well as to cure environmental pollution caused by industrial development.

132. The developing countries, which had done far less harm to the environment than the developed ones and whose environmental pollution was caused mainly by poverty, were unable to divert scarce resources to protect the environment, nor did they possess the technological capability to carry out such work effectively. Donor countries should inject additional funds to promote durable growth so as to enable the developing countries to accord an important place to environmental activities within the structure of development in general, and industrial development in particular.

133. In the developing countries, there was an ample stock of human resources which, if properly trained and tapped, could be utilized to raise output and income. Human resources development had to be given a very important place in any programme of industrial expansion. Investment in human capital had been the main reason for the success of the newly industrialized countries.

134. UNIDO had a vital role to play in the development of small-scale industries in the developing countries. It had to undertake training programmes to assist them to utilize their human resources in the most productive manner possible. UNIDO had a responsibility to ensure that the small-scale industrial sector, particularly the informal sector, was gradually integrated into the organized sector, and did not become further marginalized. To accomplish that task UNIDO would require adequate funds. The implementation of programmes designed to assist the informal sector presupposed the availability of adequate financial resources, if the developing countries were not to be denied the long-term benefits they hoped to obtain.

135. The provision of employment opportunities and the prevention of a large-scale flight from the land entailed the promotion of an agro-oriented manufacturing base in the rural areas. The establishment of growth centres in rural areas could be accomplished partly by decentralizing industry from the towns and partly by promoting rural industries based on local raw materials. It was to be hoped that UNIDO would expand its activities to include not only advice in establishing and strengthening institutions but also assistance in setting up viable rural industrial projects using the appropriate technology.

The meeting rose at 6.05 p.m.